

REMARKS

The Office Action dated April 21, 2004 has been received and reviewed by the applicant. Claims 1-26 are in the application. Claims 1-26 stand rejected. Independent claims 1 and 13 are amended. Dependent claims are amended for consistency with their respective independent claim. Claims 5, 6, 7, 9, 10, 17, 18, 19, 21, 22, 25, and 26 are canceled. Claims 27 and 28 are new. Reconsideration is respectfully requested.

Claims 1-5, 13-14, 15-17, 25, 26 stand rejected under 35 U.S.C. 102(e) as being anticipated by Rhoads (US 6,026,193). The rejection is traversed for the following reasons. Rhoads discloses encoding an N-bit identification word (i.e., message data) by "random spatial shifts one direction or another, perpendicular to a given contour." (column 56, lines 13-19) In other words, Rhoads distorts local contours within the original image by random spatial shifts to encode information. In summary, claim 1 shifts the *message image* and then adds it to the original image frames. This shifting of the message image is independent of the original image content (i.e., its borders and contours).

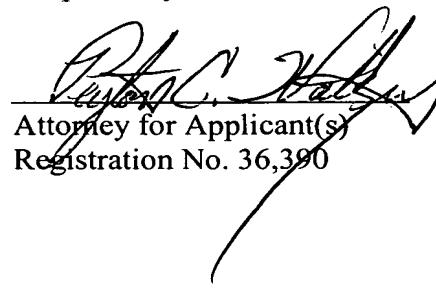
Claim 1 also includes cyclically shifting; support is found on page 9, lines 11-13. Rhoads does not teach or suggest cyclical shifting, but instead teaches encoding information as described hereinabove.

Claim 13 includes substantially the same limitations as amended claim 1 and is patentable for the reasons hereinabove in support of claim 1.

Should the Examiner consider that additional amendments are necessary to place the application in condition for allowance, the favor is requested of a telephone call to the undersigned counsel for the purpose of discussing such amendments.

For the reasons set forth above, it is believed that the application is in condition for allowance. Accordingly, reconsideration and favorable action are respectfully solicited.

Respectfully submitted,



Peyton C. Watkins
Attorney for Applicant(s)
Registration No. 36,390

Peyton C. Watkins/lam
Rochester, NY 14650
Telephone: 585-477-8282
Facsimile: 585-477-4646